

The Workforce Investment Act Getting on Board Reauthorization

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Current State of Reauthorization

- House Bill 1261 – Passed
- Senate Bill 1627 – Passed
- House appointed members to the Conference Committee in late spring / summer
- No movement has been made on reauthorization of the Workforce Investment Act (WIA) since
- Congressional staff do not plan to meet until after Conferees from both sides have been named.
- House strongly supports consolidation and faith based initiatives – big issues for Senate
- Small window for passage in the fall after elections

Current State of Reauthorization

- Partisan disagreement in the senate over conference committee membership.
 - Senate minority leader Thomas Daschle (D-SD) said the minority will not participate in conference negotiations unless they are represented fairly.
 - The issue was raised last session when the senate minority expressed frustration for not being included as they had hoped in negotiations on the FY 2004 omnibus appropriation bill and the Medicare reform bill.

Current State of Reauthorization

- USDOL Officials have stated DOL
 - Strongly supports a single block grant to states.
 - ❖ a compromise on the consolidated block grant might be a pilot demonstration
 - Prefers the house infrastructure funding language with no local opt-out provision.
 - DOL does not like the automatic designation language, preferring governors to have control.

Current State of Reauthorization

- The FY 2005 budget would be similar to FY 2004 budget
 - the consolidated block grant funding for WIA programming would again be submitted as part of the budget
 - ❖ Needs WIA reauthorization or
 - ❖ Appropriation bill language
 - The ETA budget will include
 - ❖ community college initiatives
 - ❖ ex-offender job training initiative
 - ❖ Small Personal Re-employment Accounts initiative

Implications

- If this administration continues consolidation is likely
- Local level role needs to continue to be advocated
- Constant vigilance over the silo'ing of new initiatives which would erode one stop integration
- Reserving funds for training is a looming issue

Current State of Reauthorization

- Bill Killers
 - faith based issue
 - consolidation block grant of the adult, dislocated worker and employment services funding streams
- If the bill is not reauthorized this year, new WIA reauthorization bills would have to be introduced in the 109th Congress.

Current State of Reauthorization

- Local elected officials issues.
 - Increased authority for chief local elected officials and their WIBs.
 - No decreases in funding at the local level.
 - Addressing the youth employment and skills crisis.
 - Increasing investment in skills training,
 - Funding the one stop system.
 - Enhancing services to business.

The FY 04 and 05 Budgets



Omnibus 2004 Budget

■ **WIA adult- \$900 million**

- A slight increase over FY 03 \$898.7 million
- 5% cut from the FY 02 \$950 million.

■ **WIA dislocated worker-\$1.456 billion**

- 5% increase over administration's request for \$1.383 billion.
- 9% decrease FY 02 level of \$1.602 billion

■ **WIA youth-total funding- just over \$1 billion**

- 26% decrease from FY 02 \$1.353 billion

■ **Welfare-to-work fund rescission**

2005 President's Budget

■ Cuts to key WIA programs

- \$73 million in dislocated worker formula funds – anticipates consolidation
- \$95 million to the employment service
- \$77 million eliminates migrant/season farm worker prog.
- Reduces \$1 billion youth formula funding stream by \$250 million which is diverted to youth challenge grants
- Rescinds \$100 million from the H-1B training grants
- Cuts will pay for
 - ❖ \$250 million for community colleges for training in high growth areas
 - ❖ \$50 million for a demonstration project in several states of their personal reemployment accounts (PRA) proposal
 - ❖ \$40 million for assisting ex-offenders reentering society.

FY 05 Budget

- Community College strategy
 - train workers in high-growth fields through a competitive Solicitation from partnerships between community college, business and a workforce investment board.
 - some funds reserved to help community colleges develop curricula to provide "industry-required clinical experiences utilizing up-to-date equipment."
- Personal Re-Employment Account (PRA)
 - \$3,000 to unemployment insurance claimants most likely to exhaust benefits or have exhausted benefits
 - funds would be competitively awarded to states

Local Area Designation



The Administration

- Eliminates local area appeals of non-designation to the Secretary of Labor.
- Local area appeal rights would end at the state level.
- Eliminates initial and subsequent designation provisions

Re-designation Senate and House

■ House

- Areas of 500,000 can be re-designated for failure to perform
- Originally eliminated appeals and then reinserted the language providing for appeals

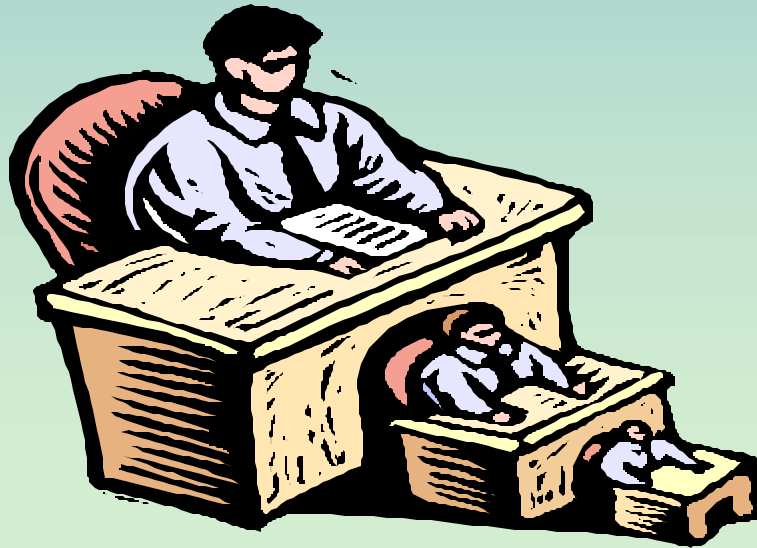
■ Senate - Must approve areas

- 500,000 if performed and sustained fiscal integrity
- Local area for the last 2 years, met performance and sustained fiscal integrity
- CEP for the last 2 years and met performance and sustained fiscal integrity
- Subject to above state may designate as a single state area
- New areas - 2 year grace period for performance

Analysis and Implications

- US DOL has assisted / not impeded states trying to move to a single state configuration
- DOL supports a strong role for governor
- Appeals are mostly ceremonial as once a local area's funds are re-designated there is no \$ to mount an appeal
 - Most at risk are smaller states with small allocations
- Performance and fiscal integrity are still key
- If legislation moves to 109th Congress preserving a mandatory local role will again be on the table
- Local Boards – support for local area designation is key

State and Local Boards



The State Board

- Administration
 - majority membership state agency staff.
 - Eliminates private sector majority
 - ❖ Result - agency led board with authority over funding and policy decisions, i.e. certification of local one stop centers.
- Neither the House nor the Senate agreed to support this membership configuration
- Message to local boards
 - **Importance of private sector majority at state and local levels**
 - **Provide a non governmental voice**
 - **Continue to stress the importance of the balance**

State Board Authority

■ The House bill

- expands authority of State boards
- requires State boards to establish certification criteria for One Stops
 - ❖ limits use of certification criteria for determining eligibility for additional infrastructure funding.

■ The Senate bill

- expands the authority of State boards
- focuses on
 - ❖ development of a comprehensive One Stop infrastructure
 - ❖ roles and contributions of partners to the One
 - ❖ developing criteria to assess continuous improvement of the One Stop delivery system.
 - ❖ Incentives to local areas to leverage funds

Analysis and Implication for Local Boards

- One stop certification is a certainty whether local or state driven
- States and locals are being prodded to leverage funds

Local Boards

- Administration - gave states “super-waiver” authority
 - abolish local business-led boards
 - deliver workforce services through state agencies instead
- This was not included in any bill but will come back if bills must be renewed in the 109th Congress

The Local Workforce Board

■ House

- Eliminates stop partners
- Boards may establish one-stop partner council
- Youth Councils optional
- Business reps be from
 - ❖ leading industries in local area
 - ❖ large and small businesses.
- educational reps
 - ❖ secondary school
 - ❖ adult education and literacy
 - ❖ postsecondary education
- Adds faith-based organizations.
- Members required to represent diverse geographic sections within local area.

The Local Workforce Board

■ Senate

- Eliminates one-stop partners –
 - ❖ Boards may establish one-stop council
- Youth Councils optional
 - ❖ Instead a board member with out-of school youth experience
- Business representatives must include
 - ❖ high-growth and emerging industries,
 - ❖ Representatives of small businesses.
- Educational entities
 - ❖ superintendent or high-level official from school districts
 - ❖ The highest ranking official of institution of higher education
 - ❖ administrator providing adult education and literacy

■ Community based organizations representing hard-to-serve

■ Members required to represent diverse geographic areas

Analysis and Implications

- **Boards will be able to be smaller.**
 - What are the political ramifications if any
 - Easier to convene but are less representative of community.
 - They may offer less to members seeking business contacts.
 - Easier to meet requirements in rural areas.
 - Include high ranking education officials who can make decisions.
- **Senate – no faith based member.**
- **Boards now are moving to fewer meetings.**
 - Members know less.
 - Electeds often unaware that decisions are not made by their appointees.
 - Boards frequently are unaware of what must come under their purview for a vote

Local Plans



5 Year Plan

■ House

- 2 year plan
- Eliminates one stop MOU requirement
- Rural areas do not need competitive procurement for youth providers

■ Senate

- 4 year plan
- Eliminates one stop MOU requirement
- Rural areas do not need competitive procurement for youth providers

Implications and Analysis

■ Emphasis

- access to one stops in rural and remote areas
- working with the disabled
- on coordination with economic development
 - ❖ **Incumbent worker programs**
 - ❖ **High wage**
 - ❖ **Career ladders**
 - ❖ **New and emerging industries**
 - ❖ **Business Intermediaries**

Implications and Analysis

- New USDOL high growth job training initiative
 - to address skills shortage in USA in the high growth industries
 - to transition from declining industries to industries of growth
 - ❖ health care
 - ❖ information technology
 - ❖ Biotechnology
 - ❖ geo'space
 - ❖ Energy
 - ❖ Retail
 - ❖ construction
 - ❖ hospitality

Implications and Analysis

- Assistant Secretary DeRocco recently stated the Administration has 6 expectations of the workforce leadership
 - Leaders must
 - ❖ understand the demographics of the workforce system
 - ❖ be knowledgeable about the current and future labor market information systems
 - ❖ aggressively participate in economic development
 - ❖ deal directly with businesses and industries that are creating jobs;
 - ❖ be in direct contact with educational institutions (focus: community colleges);
 - ❖ act as a catalyst in their communities to bring together business, education and workers.

Implications and Analysis

- Continue to Engage Our Customer Base
 - Congress
 - The state
 - The local community
 - ❖ Economic development
 - ❖ Constituent groups
 - ❖ Community based organizations
 - Fellow workforce board members
 - Elected officials
 - The social service community
 - Employers
 - Workers

Implications and Analysis

- Workforce Boards striving to be “demand-driven” need to
 - Know where the jobs are and where they are going to be
 - Know what skills and competencies are necessary to fill those jobs, now and in the future
 - Make sure that individuals get the skills they need to be able to fill the jobs.

One Stops



One Stop Governance

- Both Senate and House eliminate pre WIA grandfathered operators
- Implications
 - Procurement
 - One Stop Operator Consortia Agreements

One Stop Partners

■ House and Senate

- Add TANF but allow governors to opt out
- Add Programs administered by Social Security
 - ❖ Ticket to Work
- Eliminates Welfare to Work

■ House

- Eliminates Wagner Peyser
- Add
 - ❖ Child Support Enforcement
 - ❖ Programs for the disabled

One Stop Partners

■ Senate

- Requires co-location of Wagner Peyser
- Adds
 - ❖ Food Stamp Employment and Training
 - ❖ Small Business Administration Employment and Training

■ Implications

- Integration without a say in policy
- Space?
- Money?
- Child support enforcement – deterrent

One Stop Funding

■ House

- Governor to take from each funding stream at the state level and allocate to the local level for one stop infrastructure
- Only if one stop is certified
 - ❖ Consider population
 - ❖ Consider number of centers

■ Senate.

- Year 1 - local board, chief elected officials, and one-stop partners try to agree on funding.
- Year 2 - if no agreement governor develops guidelines for a funding mechanism and must consult with.
 - ❖ Chief local elected officials.
 - ❖ Local boards.
 - ❖ The state board.
 - ❖ Generally takes a % from each grant.

Implications and Analysis

- May assist with integration
 - Still many one stops with only WIA core and intensive services
 - Many one stops with no real agreement on sharing costs and operating costs so WIA is still footing the bill
- There will be assistance regarding infrastructure funding but
 - No language on funding mechanism being sufficient to satisfy law
 - No guarantee funding set asides will be sufficient
 - Language providing a hold harmless would be helpful

The One Stop Memorandum of Understanding

■ Senate Adds

- methods to ensure the needs of hard-to-serve populations are addressed in accessing services through the one-stop system

Removing Barriers to Intensive and Training Services

- Senate and House
 - Eliminate requirement for a core service followed by an intensive service
 - Provide maximum flexibility in the delivery of core, intensive, and training services to unemployed, underemployed, and displaced workers.

Core Services

■ House Adds

- Eligibility for partner programs
- Labor exchange
- Recruitment for employers
- Re-employment services for the unemployed
- Work test for UI compensation

■ Senate Adds

- Business intermediaries
- Wagner Peysr co-location
- Labor exchange
- Recruitment for employers
- Information on other social services

Intensive Services

■ House Adds

- Case management for those not enrolled in training
- Internships and work experience
- Literacy
- Out of Area Job Search

■ Senate Adds

- Same as house
- English Language
- Integrated programs

Training Services

■ House Adds

- Customer support for individuals with barriers
- Employment and training in coordination with child support enforcement
- Work supports for low wage workers

■ Senate Adds

- Similar to house
- Coordination with food stamp
- Remote access
- Linkages with employers
- Business Intermediaries
- Economic Development
- Fee for Service
- Layoff aversion

Incumbent Worker Training

■ House and Senate

- Necessary to retain employment or avert layoffs
- 10% of allocation
- Employer match
 - ❖ 10% less than 50 employees
 - ❖ 25% more than 50 employees
 - ❖ 50% more than 100 employees
 - ❖ Wages paid by employer count toward the match

Implication and Analysis

- Senate bill allows for
 - a wide variety of employer services
 - coordination with economic development
 - Regional activities

Eligibility – Intensive Services Determined by One Stop Operator

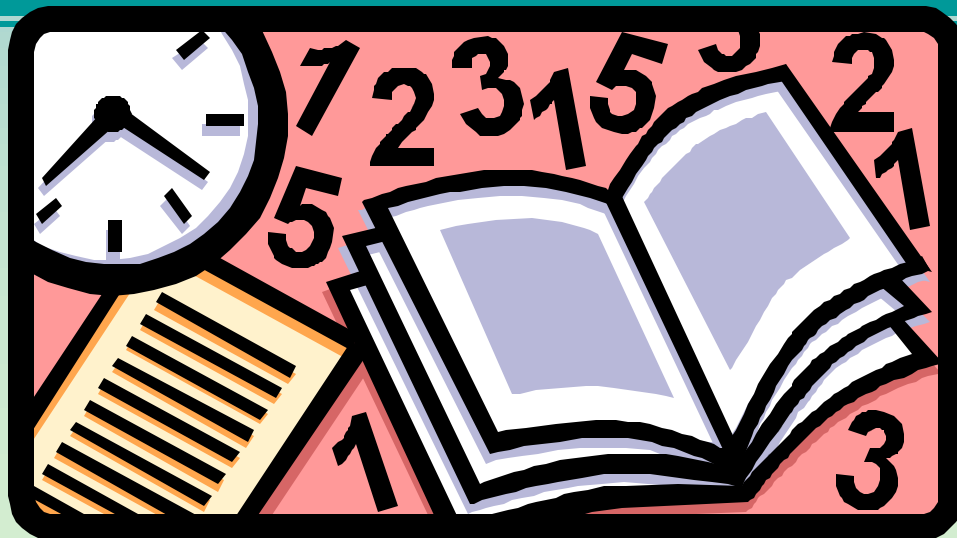
■ House (consolidated)

- Unemployed and unlikely to get a suitable job through core
- Employed need intensive services to get or retain suitable job
- Suitable defined by governor

■ Senate

- Unemployed unlikely to get a self sufficient job or higher wages than previous job through core services
- Employed need intensive services to obtain or retain employment leading to self sufficiency
- Self sufficient – does not use poverty level - based on income needs of family, family size, # and age of children, and geographic location

Training



Eligibility for Training

- House – intensive insufficient to provide suitable employment
- Senate – intensive services insufficient to provide self sufficient employment
- Individuals elect training
- Must first apply for PELL
- Meet the priority system
 - house adds unemployed
 - Maintains requirement that priority is to low income and public assistance if funds are limited

Eligibility for training

- Senate Adds
 - Definition of hard to serve
 - Includes spouses of active service personnel whose income is reduced because of deployment

Eligible Training Providers

■ House and Senate

- Eliminate eligibility for training providers
- Eliminate reporting requirements
- Governor and State Board to determine eligibility criteria and consider
 - ❖ Performance
 - ❖ Access to training in rural areas
 - ❖ Information already being reported
 - ❖ Licensing requirements
 - ❖ Ability to serve disabled
 - ❖ Industry recognized standards
- Local Boards may add criteria
- House eliminates exemption for OJT and customized training

Implications and Analysis

- While eligibility for training is still open the addition of new categories and definition of hard to serve will make it more difficult to serve individuals outside of the priority groups
- No set aside for training and many areas offer very limited training
- No exemption for OJT and customized training in House bill would virtually eliminate those activities at the same time as the USDOL is encouraging these activities as employer services

Youth



Youth Eligibility

- House 30% \$ In School
- 16 –21
- Out of School
 - HS Grads – Basic Skills Deficient
 - Drop outs - Priority
 - Court youth – attending alternative school
 - Foster care exiters
- In school youth
 - Deficient in literacy skills.
 - Homeless, runaway, or foster children.
 - Pregnant or parents.
 - Offenders
 - Individuals who require additional assistance to complete an educational program, or to secure and hold employment.

- Senate 60% \$ in school
 - Out of School -16 – 21
 - ❖ Defines youth of age for mandatory attendance who hasn't been in school for a year
 - ❖ Juvenile justice and attending alternative school
 - In School – 14 –21

Income Eligible

- **House and Senate**
 - receives or is eligible to receive free
 - or reduced price lunch
- **Limit of 30% of funds for in school youth**
- **Keep 5% income window**

Youth

■ Senate

- Governor to establish criteria for selection of local youth providers
- local board must still award on a competitive basis
- local boards may award grants or contracts on a sole-source basis if such board determines there is an insufficient number of eligible providers of youth activities in the local area involved such as a rural area

Youth

- House and Senate
 - Challenge Grants to cities and rural areas would be awarded on a competitive basis, with funds going to programs proven effective at serving out-of-school youth. Under our reform proposal, the Department would also award grants on a discretionary basis to high-quality programs that provide activities in a non-school setting that lead to high academic achievement.

Performance

■ House – Common Measures

- Efficiency measure
- 4 adult and 4 youth
- Eliminates Customer Satisfaction

■ Senate

- Does not include efficiency
- Keeps Customer Satisfaction
- Allows for a regression model

■ Still no credit for

- Core Service
- Entrepreneurial
- Disincentive for disabled and older workers and